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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 OIC-02 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 AF-04 ARA-06 EA-06 NEA-06

/119 W

---------- 012692

R 101447Z DEC 74
FM USMISSION GENEVA
TO SECSTATE WASHDC 9592
INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A
TAGS: ETRD, EEC, GATT
SUBJECT: GATT PANELS ON D.I.S.C. AND RELATED TAX PRACTICES

REF: STATE 261598

LETTER DATED DEC. 8 RECEIVED FROM LUYTEN OF EC
COMMISSION IN RESPONSE TO OUR LETTER TRANSMITTING LATEST
DISC PANEL INFORMATION CONTAINED REFTEL. LUYTEN CALLED
TO EMPHASIZE THAT TEXT WAS COMPOSED IN BRUSSELS, AS
FOLLOWS:

"I AM SENDING YOU A RATHER RAPID REPLY TO YOUR LETTER
OF 29 NOVEMBER ABOUT THE COMPOSITION OF THE D.I.S.C.
PANEL TO UNDERLINE THE SENSE OF DISSATISFACTION FELT ON
OUR SIDE AT THIS LATEST REACTION FROM YOUR AUTHORITIES.
IF EFFECT WE CANNOT ACCEPT EITHER THAT THE REASONS ADVANCED
FOR REJECTING MR. PERRY ARE VALID OR THAT THE VIEWS
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EXPRESSED IN YOUR LETTER ARE A FAIR COMMENT ON THE SITUATION.

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"YOUR AUTHORITIES STATE MR. PERRY IS NOT ACCEPT-
ABLE ESSENTIALLY BECAUSE DISC IS A MAJOR ISSUE IN
CANADA AND MR. PERRY MIGHT THEREFORE FIND HIMSELF
IN A DIFFICULT POSITION. YOUR AUTHORITIES HOWEVER
THEN PROCEED TO SUGGEST, AS A NEUTRAL, A JAPANESE
EXPERT ALTHOUGH MANY OF THE SAME OBJECTIONS APPLY
IN THE CASE OF JAPAN WHICH HAS ALSO MADE CLEAR ITS
OPPOSITION TO THE DISC AND IS EQUALLY PARTY TO OUR
COMPLAINT. (I SHOULD EMPHASIZE THAT WE KNOW NOTHING
ABOUT MR. KANEKO PERSONALLY).

"WE HAVE, FOR OUR PART, TENTATIVELY APPROACHED MR. PERRY
WHO HAS INDICATED AN INTEREST IN THE SUBJECT AND
PROVISIONALLY A WILLINGNESS TO SERVE ON THE PANEL.
WE BELIEVE HIM TO BE ADMIRABLY QUAILIFIED FOR THE
TASKS BEFORE THE PANEL AND TO UNDERTAKE THE ROLE OF
A FISCAL EXPERT WITH A KNOWLEDGE OF RELEVANT LEGIS-
LATION AND PRACTICE. THE EXPERT'S PRIMARY ROLE WILL
BE TO GUIDE THE PANEL IN THIS SUBJECT BUT MR. PERRY
IS IN OUR VIEW FULLY CAPABLE OF MAKING AN INDEPENDENT
JUDGEMENT ON THE MERITS OF THE CASE. IT WOULD BE
EMBARRASSING, TO SAY THE LEAST, FOR US TO HAVE TO TELL
HIM THAT THE AMERICAN GOVERNMENT IS UNWILLING TO ACCEPT
HIM BECAUSE IT BELIEVES HE QOULD BE SUBJECT TO POLITICAL
PRESSURES. I MUST THEREFORE ASK YOU FORMALLY TO CONVEY
TO YOUR AUTHORITIES A STRONG REQUEST TO RECONSIDER
THEIR ATTITUDE AS REGARDS MR. PERRY'S CANDIDATURE.

"LIKE YOU WE ARE PROFOUNDLY CONCERNED AT THE LONG
DELAYS IN ESTABLISHING THIS PANEL SINCE THE GATT
COUNCIL TOOK ITS DECISION ON 30 JULY 1973. BUT I
THINK ON THIS POINT THE VIEWS OF YOUR AUTHORITIES ARE
ONE-SIDED. I WOULD REMIND YOU THAT THE COMMUNITY
WAS FIRST TO PUT FORWARD NAMES FOR DISCAL EXPERTS
FOR THIS PANEL LAST FEBRUARY AND THAT SIMILAR PROPOSALS
FROM YOUR SIDE WERE NOT FORTHCOMING UNTIL APRIL. WE
HAVE NOT AT ANY TIME REJECTED ANY OF THE FOUR NAMES
YOU PUT FORWARD. OUR COMMENT ABOUT MR. GOODE WAS
DIRECTED SOLELY AT KEEPING A CERTAIN BALANCE IN THE
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PANEL: WE HAVE NO OBJECTIONS TO HIM AS A QUALIFIED
EXPERT.

"IT IS TRUE THAT TWO OF THE EXPERTS WE HAD SUGGESTED
DECLARED THEMSELVES UNABLE TO SERVE (AND EQUALLY, AMONG
YOUR PROPOSED EXPERTS, MR. HACKETT OF OECD COULD NOT
BE RELEASED). BUT TWO OTHER PROPOSALS WE HAVE MADE HAVE
NOW BEEN REJECTED BY YOUR AUTHORITIES. NOT SURPRISINGLY

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IN VIEW OF THIS SITUATION WE HAVE BEEN UNWILLING TO MAKE A JOINT APPROACH TO IMF UNTIL WE HAD CONFIRMATION FROM YOUR SIDE THAT PROPOSALS WE HAD MADE AS PART OF A PACKAGE WERE ACCEPTABLE. WE HAD THOUGHT THAT ATTITUDE WAS UNDER-STOOD ON YOUR SIDE.

"YOU SAY IN YOUR LETTER THAT YOUR VIEWS ABOUT MR. PHILIPP WERE MADE KNOWN TO US EARLY LAST AUGUST. BUT I MUST INFORM YOU THAT THIS IS NOT CORRECT. NO DOUBT THROUGH AN ADMINISTRATIVE OVERSIGHT WE HAVE NEVER RECEIVED A FORMAL RESPONSE FROM YOU ABOUT MR. PHILIPP AND WERE OBLIGED TO ASK OUR DELEGATION IN WASHINGTON AT THE END OF AUSUST TO DISCOVER THE ATTITUDE OF YOUR AUTHORITIES. WE DID NOT GET FINAL CONFIRMATION OF THE SITUATION UNTIL EARLY OCTOBER. WE HAVE NOT BEEN GIVEN ANY REASONS FOR THIS NEGATIVE DICISION.

"IN THE LIGHT OF THIS YOU WILL UNDERSTAND THAT I MUST REJECT COMPLETELY THE CLEAR IMPLICATION IN YOUR LETTER THAT THESE DELAYS ARE IN ANY SENSE THE RESULT OF DIFFICULTIES ON THE EUROPEAN SIDE. THE CONTRARY IS THE CASE AND, AT LEAST IN RECENT MONTHS, DELAY HAS BEEN THE DIRECT RESULT OF THE REJECTION BY YOUR AUTHORITIES OF NOMINATIONS WE HAVE PUT FORWARD."

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Message Attributes

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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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